



**Governing Council
of the United Nations
Environment Programme**



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ADMINISTRATIVE AND BUDGETARY MATTERS

Environment Fund: Financial report and audited accounts
for the biennium 1992-1993 ended 31 December 1993

Note by the Executive Director

Summary

The present note refers to the report of the Board of Auditors on the financial report and audited financial statements of the Environment Fund for the biennium 1992-1993, ended 31 December 1993; to the observations of the Advisory Committee on Administrative and Budgetary Questions; and to the action taken by the General Assembly in connection therewith. The Executive Director's comments on the audit report were sent to the Board of Auditors and have been reflected in the appropriate places in their report. The Executive Director's comments on the Advisory Committee's observations are set out in paragraph 5 of the present note.

Suggested action by the Governing Council

The Governing Council may wish to take note of the comments of the Executive Director on the report of the Board of Auditors on the financial report and audited financial statements of the Environment Fund for the biennium 1992-1993, ended 31 December 1993, and on the observations of the Advisory Committee on Administrative and Budgetary Questions.

ENVIRONMENT FUND: FINANCIAL REPORT AND AUDITED ACCOUNTS
FOR THE BIENNIUM 1992-1993, ENDED 31 DECEMBER 1993

1. Pursuant to regulation 11.4 of the Financial Regulations of the United Nations, General Assembly resolution 3192 (XXVIII) of 18 December 1973, and rule 213.3 of the Financial Rules of the United Nations Environment Programme, the Executive Director on 31 March 1994 transmitted the financial report and financial statements for the biennium 1992-1993, ended 31 December 1993, to the Chairman of the Board of Auditors, with copies to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

* UNEP/GC.18/1

2. The financial report and financial statements were subsequently examined by the Board of Auditors. Together with the audit opinion and report of the Board of Auditors, they were then submitted to the General Assembly at its forty-ninth session (see A/49/5/Add.6). The General Assembly also had before it the report of ACABQ (A/49/547) which contained observations and comments on the financial reports and audited accounts of all United Nations organizations. ACABQ has not made any specific observation on the financial report and audited accounts of UNEP.

3. ACABQ has, however, made a general observation that the Board of Auditors has identified several shortcomings in the way in which procurement of goods and services was being handled in the United Nations itself and in several other organizations. ACABQ reiterated its belief that the procurement system should be further developed to ensure impartiality, transparency, openness and an emphasis on competition. It further pointed out that the problem of bidding as an exception rather than the rule has been a long-standing issue and that one of the main reasons for that weakness has been poor procurement planning, which often resulted in last-minute or immediate operational requirements being used as justification for procurement of goods and services. The Advisory Committee trusts that appropriate measures will be taken by all the organizations cited by the Board of Auditors for lax procurement practices.

4. Following its consideration of the financial reports and audited accounts of all United Nations organizations, the General Assembly adopted resolution 49/216 A of 23 December 1994, in which it accepted the financial reports and audited financial statements and audit opinions and reports of the Board of Auditors, and approved the recommendations and conclusions of the Board of Auditors and the comments thereon contained in the report of the ACABQ.

5. The Executive Director has taken note of the comments and recommendations of the Board of Auditors, in so far as they apply to UNEP, and agrees with them. In connection with ACABQ's comments on procurement practices, the Executive Director has taken action to initiate advance procurement planning wherever possible. At the same time, requisitioning units will be discouraged from pressuring the purchasing unit to purchase items under a certificate of urgency.
